

United States Senate

WASHINGTON, DC 20510

January 29, 2019

Mark Zuckerberg
Chief Executive Officer
Facebook
1 Hacker Way
Menlo Park, CA 94025

Dear Mr. Zuckerberg,

We write regarding new evidence that Facebook and its partners may have knowingly manipulated children into spending their parents' money without permission while playing games on Facebook's platform. A new report from The Center for Investigative Reporting shows that your company had a policy of willful blindness toward credit card charges by children—internally referred to as “friendly fraud”—in order to boost revenue at the expense of parents.¹ Notably, Facebook appears to have rejected a plan that would have effectively mitigated this risk and instead doubled down on maximizing revenue. We write to request additional information about these highly-troubling allegations.

According to recently unsealed court documents, Facebook engaged in a multi-year effort to ignore minors spending large sums of their parents' money without parental knowledge or permission. Facebook employees appear to have had direct knowledge that specific design features and default settings encouraged this type of spending. Parents apparently did not know Facebook had logged their credit card information or that their children would be able to make purchases on the platform without any additional verification processes. As a result, many young users incurred several thousands of dollars in charges while playing games like Angry Birds, Petville, Wild Ones, and Barn Buddy. These findings are alarming and raise serious concerns about whether your company and its employees knowingly harmed families.

Of additional concern is the way Facebook reacted when the company became aware of this problem. Documents show that when a Facebook employee designed a solution that would curb the “friendly fraud” phenomenon, Facebook declined to actually implement it. Instead, Facebook reportedly went on to design a mechanism to automatically dispute its users' requests for refunds, without conducting any review of the requests themselves. Reporting suggests that your users requested refunds for over 9% of the money Facebook made from children, raising serious questions about whether your company has engaged in deceptive business practices and whether all of those affected have been made whole. Together, these findings point to a problematic culture of putting profits ahead of your users' financial wellbeing and raise serious

¹ Nathan Halverson, *Facebook Knowingly Duped Game-Playing Kids and Their Parents Out of Money*, *Reveal* from The Center for Investigative Reporting (January 24, 2019), <https://www.revealnews.org/article/facebook-knowingly-duped-game-playing-kids-and-their-parents-out-of-money/>.

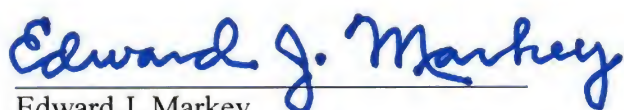
concerns regarding the company's willingness to engage responsibly in its interactions with children.

In light of the aforementioned revelations, we request answers to the following questions:

1. When did Facebook personnel become aware that children were likely unknowingly spending their parents' money while playing games on your platform? When did you, as CEO, become aware of this issue?
2. Who is currently responsible for addressing issues pertaining to children's use of Facebook services?
3. What policy changes has Facebook implemented to put an end to the practice of children making in-app purchases without parental knowledge? If such changes were made, when were they implemented and what steps has Facebook taken to ensure they will be effective?
4. Will Facebook commit to promptly refunding its users in full for money that was spent by children as a result of Facebook's past policies?
5. Has the Federal Trade Commission (FTC) contacted you about this issue? If so, is Facebook fully cooperating with any and all related FTC investigations?
6. Are you aware of any other Facebook policies or programs that have led to children spending money on your platform without parental knowledge?
7. In order to mitigate additional risk of manipulating children on Facebook, will you commit to requiring all youth directed content and services on your platform to be free of charge and without advertisements?

Thank you for your attention to this matter. We respectfully request a written response to this letter by February 19, 2019.

Sincerely,



Edward J. Markey
United States Senator



Richard Blumenthal
United States Senator